



Condensed Consolidated Interim Financial Statements of

AURION RESOURCES LTD.

For the three and nine months ended September 30, 2019 and 2018



NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

The accompanying unaudited condensed consolidated interim financial statements of Aurion Resources Ltd. for the three and nine months ended September 30, 2019 and 2018 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

AURION RESOURCES LTD.

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AURION RESOURCES LTD.

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars - unaudited)

	As at September 30, 2019	As at December 31, 2018
	\$	\$
ASSETS		
CURRENT		
Cash	13,005,358	1,475,556
Short-term investments (Note 5)	3,642,756	7,625,533
Reclamation deposit	125,841	125,841
Receivables	716,206	772,500
Prepaid expenses	568,950	133,303
Marketable securities (Note 6)	3,715,000	1,197,000
	21,774,111	11,329,733
EXPLORATION AND EVALUATION ASSETS (Note 7)	21,110,821	14,546,944
PROPERTY AND EQUIPMENT (Note 8)	393,596	210,431
	43,278,527	26,087,108
LIABILITIES		
Current		
Trade payables and accrued liabilities	1,397,056	839,986
Lease liability (Note 3)	10,350	-
Total current liabilities	1,407,406	839,986
Non-current		
Lease liability (Note 3)	121,125	-
Deferred share unit liability (Note 9)	273,311	22,477
Total non-current liabilities	394,436	22,477
Total Liabilities	1,801,842	862,463
SHAREHOLDERS' EQUITY (Note 9)	41,476,685	25,224,645
	43,278,527	26,087,108

BASIS OF PREPARATION (Note 2)

SUBSEQUENT EVENTS (Note 12)

AUTHORIZED FOR ISSUE ON BEHALF OF THE BOARD OF DIRECTORS ON November 26, 2019:

"Dennis Clarke" Director

"David Loveys" Director

See accompanying notes to the condensed consolidated interim financial statements

AURION RESOURCES LTD.

Condensed Consolidated Interim Statements of Operations and Comprehensive Income (Loss)

(Expressed in Canadian Dollars - unaudited)

	For the three months ended September 30, 2019	For the three months ended September 30, 2018	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
			\$	\$
INCOME				
Interest income	52,924	56,651	117,177	177,853
Administration fee income	2,049	-	34,690	-
Gain on property transactions	459,442	-	2,433,137	-
	514,415	56,651	2,585,004	177,853
EXPENSES				
Share-based payments (Notes 9 and 12)	346,055	700,858	763,298	700,858
Wages and benefits (Note 11)	288,306	228,449	665,048	681,436
General and administrative	271,100	118,749	651,336	472,212
Professional fees	51,655	67,026	103,137	133,735
Depreciation (Note 8)	33,791	26,767	98,285	70,834
Accounting	6,564	13,227	47,218	27,810
Write-down of exploration and evaluation assets (Note 7)	611,539	-	624,645	72,856
Consulting fees	10,260	3,190	20,880	10,245
Property investigation costs	6,980	13,217	6,980	33,038
Interest and bank charges	1,334	1,479	7,928	5,331
Unrealized loss (gain) on marketable securities (Note 6)	193,000	101,000	196,000	148,000
Gain on sale of marketable securities (Note 6)	-	-	-	(121,663)
Foreign exchange (gain) loss	(7,706)	(13,760)	36,511	(37,138)
Loss on disposal of assets	707	-	707	-
	(1,813,583)	(1,260,200)	(3,221,972)	(2,197,554)
Net Income (Loss) and Comprehensive Income (Loss) for the Period	(1,299,169)	(1,203,549)	(636,968)	(2,019,701)
Income (Loss) per Common Share - Basic and Diluted	(0.016)	(0.017)	(0.008)	(0.029)
Weighted Average Number of Common Shares Outstanding - Basic and Diluted	80,704,994	69,225,489	75,054,001	69,204,349

See accompanying notes to the condensed consolidated interim financial statements

AURION RESOURCES LTD.

Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Expressed in Canadian Dollars - unaudited)

	Number of shares	Share capital \$	Warrants \$	Share-based payment reserve \$	Expired stock options and warrants reserve \$	Deficit \$	Total equity \$
Balance, December 31, 2017	68,923,708	34,583,719	424,226	3,765,560	3,294,203	(15,475,871)	26,591,837
Total comprehensive loss for September 30, 2018						(2,019,701)	(2,019,701)
Shares issued for private placements	-	-	-	-	-	-	-
Expiry of stock options	-	-	-	(314,280)	314,280	-	-
Exercise of stock options	460,000	181,257	-	(72,158)	-	-	109,099
Exercise of finders' warrants	-	-	-	-	-	-	-
Share-based payments	-	-	-	700,858	-	-	700,858
Share issuance costs	-	-	-	-	-	-	-
Balance, September 30, 2018	69,383,708	34,764,976	424,226	4,079,980	3,608,483	(17,495,572)	25,382,093
Balance, December 31, 2018	69,383,708	34,764,976	424,226	4,684,116	3,608,483	(18,257,156)	25,224,645
Total comprehensive income (loss) for September 30, 2019						(636,968)	(636,968)
Shares issued for private placements	13,619,966	17,580,114	438,817	-	-	-	18,018,931
Expiry of stock options	-	-	-	-	-	-	-
Exercise of stock options	265,000	232,317	-	(98,417)	-	-	133,900
Exercise of finders' warrants	2,530	3,903	(1,246)	-	-	-	2,657
Expiry of finders' warrants	-	-	(424,226)	-	424,226	-	-
Share-based payments - stock options	-	-	-	512,463	-	-	512,463
Share issuance costs	-	(1,778,944)	-	-	-	-	(1,778,944)
Balance, September 30, 2019	83,271,204	50,802,366	437,571	5,098,162	4,032,709	(18,894,124)	41,476,685

See accompanying notes to the condensed consolidated interim financial statements

AURION RESOURCES LTD.**Condensed Consolidated Interim Statements of Cash Flows****(Expressed in Canadian Dollars - unaudited)**

	For the nine months ended September 30, 2019	For the nine months ended September 30, 2018
	\$	\$
OPERATING ACTIVITIES		
Net income (loss)	(636,968)	(2,019,701)
Items not affecting cash:		
Depreciation	98,285	70,834
Accrued interest income	(64,117)	(98,124)
Unrealized loss on marketable securities	196,000	148,000
Gain on sale of marketable securities	-	(121,663)
Share-based payments	763,298	700,858
Write-down of exploration and evaluation assets	624,645	72,856
Changes in non-cash operating working capital (Note 10)	(779,844)	472,928
	201,300	(774,012)
INVESTING ACTIVITIES		
Exploration and evaluation expenditures, net	(8,345,643)	(5,832,408)
Interest income received	146,893	67,221
Short-term investments	3,900,000	(1,940,000)
Proceeds from sale of marketable securities	-	214,813
Right of use asset capitalized to property and equipment upon adoption of new accounting policy (Note 3)	(160,500)	-
Purchase of property and equipment	(120,950)	(159,880)
	(4,580,200)	(7,650,254)
FINANCING ACTIVITIES		
Proceeds from issuance of share capital - net	15,937,727	109,099
Payment of lease liabilities	(29,025)	-
	15,908,702	109,099
INCREASE (DECREASE) IN CASH	11,529,802	(8,315,167)
CASH, BEGINNING OF PERIOD	1,475,556	11,769,799
CASH, END OF PERIOD	13,005,358	3,454,632

SUPPLEMENTAL CASH FLOW INFORMATION (NOTE 10)

See accompanying notes to the condensed consolidated interim financial statements

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars - unaudited)

1. DESCRIPTION OF BUSINESS

Aurion Resources Ltd. (the “Company”) was incorporated under the *Business Corporations Act (Alberta)* on April 6, 2006 and was continued into British Columbia on August 10, 2018 under the *Business Corporations Act (British Columbia)*. The Company was listed on the TSX Venture Exchange (the “Exchange”) on October 3, 2008. The Company has its registered head office at 6204 125th Street, Surrey, BC, Canada, and its principal office is 120 Torbay Road, Suite W240, St. John’s, Newfoundland and Labrador, Canada. The Company and its wholly-owned subsidiaries, are engaged in the evaluation, acquisition and exploration of mineral properties in Canada, Mexico, the United States, Sweden and Finland. The Company plans to ultimately develop the properties, bring them into production, option or lease properties to third parties, or sell the properties outright. The Company has not determined whether these properties contain ore reserves that are economically recoverable and the Company is considered to be in the exploration stage.

These condensed consolidated interim financial statements (the “financial statements”) for the three and nine months ended September 30, 2019 were authorized for issuance by the Board of Directors of the Company on November 26, 2019.

2. BASIS OF PREPARATION

Statement of compliance

These financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”), using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

Basis of consolidation and presentation

These financial statements reflect the financial position, results of operations and cash flows of the Company and its wholly owned subsidiaries: Minera Aurion de Mexico S.A. de C.V., Aurion Resources (US) LLC, Aurion Resources AB, Aurion Resources Oy and FennoEx Oy. All inter-company transactions and balances have been eliminated upon consolidation.

The financial statements of the Company have been prepared in accordance with IFRS on a going concern basis, which contemplates the realization of assets and the settlement of liabilities and commitments in the normal course of business. The Company does not have any proven economically recoverable reserves, has continuous losses, and at September 30, 2019, the Company had an accumulated deficit of \$18,894,124 (December 31, 2018 - \$18,257,156). However, management has assessed that the working capital is sufficient for the Company to continue as a going concern beyond one year. The success of the Company and the recoverability of exploration costs are dependent upon the existence of economically recoverable reserves, the ability of the Company to obtain financing to fund and complete the development of such reserves, the ability of the Company to satisfy obligations as they come due and upon future profitable production from the properties or proceeds from disposition. The Company’s ability to raise additional funds is dependent on favourable conditions in equity and alternative investment markets, which are volatile and subject to significant uncertainty.

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars - unaudited)

2. BASIS OF PREPARATION (Continued)

The amounts shown as exploration and evaluation assets represent net costs to date less write-offs and do not necessarily represent present or future values. Although the Company has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Company's title. Property title may be subject to unregistered prior agreements or transfers and may be affected by undetected defects. If the going concern assumption was not appropriate for these financial statements, adjustments would be necessary to the carrying value of assets and liabilities, the reported net loss and the statement of financial position classifications used.

Basis of measurement

These financial statements have been prepared on a historical cost basis, except for financial assets classified as at fair value through profit or loss, which are measured at fair value. Additionally, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Currency of presentation

All amounts are expressed in Canadian dollars, unless otherwise stated.

3. SIGNIFICANT ACCOUNTING POLICIES

These financial statements should be read in conjunction with the Company's annual consolidated financial statements and accompanying notes for the year ended December 31, 2018. These financial statements have been prepared using the same accounting policies as described in the Company's December 31, 2018 consolidated financial statements.

Adoption of new accounting policy – IFRS 16 Leases

Impact of application of IFRS 16 Leases

Effective January 1, 2019, the Company adopted IFRS 16 using the modified retrospective application method, where the comparative numbers for 2018 are not restated and the cumulative effect of applying IFRS 16 has been recorded on January 1, 2019 for any differences identified. The Company has determined that the adoption of IFRS 16 resulted in no adjustments to the opening accumulated deficit balance.

IFRS 16 introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases under IFRS 17 and requiring the recognition of a right-of-use asset (ROU asset") and a lease liability at the lease commencement for all leases, except for short-term leases (lease term of 12 months or less) and leases of low value assets.

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars - unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

In applying IFRS 16 for all leases, except as noted above, the Company (i) recognizes the ROU asset and lease liabilities in the statement of financial position, initially measures at the present value of the future lease payment; (ii) recognizes the depreciation of ROU assets and interest on lease liabilities in the consolidated statement of operations and comprehensive income (loss); and (iii) separates the total amount of cash paid into a principal portion (presented in financing activities) and interest (presented in operating activities) in the consolidated statement of cash flows. For short-term leases and leases of low value assets, the Company has opted to recognize a lease expense on a straight-line basis, and this expense is presented within general and administrative in the statement of operations and comprehensive loss.

The Company has opted to use the following practical expedients available on transition to IFRS 16:

- (a) Measure the ROU assets equal to the lease liability calculated for each lease;
- (b) Apply the recognition exemptions for low value leases and leases that end within 12 months of the date of initial application, and account for them as low value and short-term leases, respectively; and
- (c) Accounting for non-lease components and lease components as a single lease component.

In transitioning to IFRS 16, the Company reviewed its contracts to identify whether they are or contain a lease arrangement. This review identified one lease contract that resulted in an equivalent increase of \$160,500 to both the Company's ROU assets and lease liabilities.

The cumulative effect of the changes made to the consolidated statement of financial position as at January 1, 2019 for the adoption of IFRS 16 is as follows:

	As previously reported	Effect of change in accounting policy	As reported under new accounting policy
Property and equipment	\$ -	\$ 160,500.00	\$ 160,500.00
Lease liability (current)	-	(39,375)	(39,375)
Lease liability (non-current)	-	(121,125)	(121,125)
	\$ -	\$ -	\$ -

The operating lease obligations as at December 31, 2018 are reconciled as follows to the recognized lease liabilities as at January 1, 2019:

Operating lease obligations as at December 31, 2018	\$ 32,250.00
Effect from discounting at the incremental borrowing rate as at January 1, 2019	-
Lease liabilities due to initial application of IFRS 16 at January 1, 2019	\$ 32,250.00

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

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(Expressed in Canadian Dollars - unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting policy for leases under IFRS 16

The Company assesses whether a contract is or contains a lease, at the beginning of a contract. The Company recognizes a ROU asset and a corresponding lease liability with respect to all lease arrangements in which the lessee, at the commencement of the lease, with the following exceptions (i) the Company has elected not to recognize the ROU assets and liabilities for leases where the total lease term is less than to equal to 12 months, or (ii) for leases of low value. The payments for short-term leases or leases of low value are recognized in the consolidated statement of operations and comprehensive income (loss) on a straight-line basis over the lease term.

The ROU asset is initially measured based on the present value of the lease payments, lease payments made at or before the commencement date, and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. The ROU asset is depreciated over the shorter of the lease term or the useful life of the underlying assets. The ROU asset is subject to testing for impairment if there is and indicator for impairment.

The lease liability is initially measured at the present value of lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease payments include fixed payments less any lease incentives, and any variable lease payments where variability depends on an index or rate. When the lease contains an extension or purchase option that the Company considers reasonably certain to be exercised, the cost of the option is included in the lease payments.

ROU assets are included in property and equipment, and the lease liability is presented as a separate line in the consolidated statement of financial position. Variable lease payments that do not depend on an index or rate are not included in the measurement of the ROU asset and lease liability. The related payments are recognized as an expense in the period in which the triggering event occurs and are included in the consolidated statement of operations and comprehensive income (loss).

Lease liabilities

The Company has one lease agreement for office space. The Company did not incur any variable lease payments and there were no leases with residual value guarantees or no leases not yet commenced to which the Company is committed.

	As at
	September 30, 2019
Lease liabilities	\$ 131,475.00
Less, current portion	(10,350)
Long-term portion	\$ 121,125.00

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars - unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

	As at September 30, 2019
Undiscounted lease liabilities	\$ 131,475
Not later than one year	(10,350)
Later than one year and not later than five years	(121,125)
	\$ -

4. CAPITAL MANAGEMENT

The capital structure of the Company consists of capital and equity comprising share capital, warrants, reserves and deficit. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The properties in which the Company has an interest are in the exploration stage; as such, the Company has historically relied on the equity markets to fund its activities. The Company will continue to assess new properties and seek to acquire an interest in additional properties if it feels there is sufficient geologic or economic potential and if it has adequate financial resources to do so. Management reviews its capital management approach on an ongoing basis which remains unchanged from the year ended December 31, 2018. The Company is not subject to externally imposed capital requirements.

5. FINANCIAL INSTRUMENTS

Financial instruments recorded at fair value on the consolidated statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities

Level 2 – valuation techniques based on inputs that are quoted prices or similar instruments in active markets; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 – valuation techniques with significant unobservable market inputs

The Company does not have any level 2 or 3 fair value measurements, and there have been no transfers between levels.

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars - unaudited)

5. FINANCIAL INSTRUMENTS (Continued)

As at September 30, 2019	Level 1	Level 2	Level 3	Total financial assets at fair value
Financial assets	\$	\$	\$	\$
Cash	13,005,358	-	-	13,005,358
Short-term investments	3,642,756	-	-	3,642,756
Marketable securities	3,715,000	-	-	3,715,000
Total financial assets	20,363,114	-	-	20,363,114

Financial Risk Factors

The Company has exposure to credit risk, liquidity risk and market risk. The Company's Board of Directors has the overall responsibility for the oversight of these risks and reviews the Company's policies on an ongoing basis to ensure that these risks are appropriately managed, which are summarized below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to receivables, which is mainly comprised of government tax refunds. Management believes that the credit risk concentration with respect to financial instruments included in the receivables is not significant. The Company holds cash and invests it in interest bearing deposit accounts at its financial institution. Management believes that the associated credit risk for its invested cash is low.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. As at September 30, 2019, the Company had cash of \$13,005,538 to settle current liabilities of \$1,407,406. To the extent that the Company does not believe it has sufficient liquidity to meet its current obligations, the Board of Directors considers securing additional funds through equity or partnering transactions. All of the Company's financial liabilities are short-term in nature and are subject to normal trade terms.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates, and equity prices will affect the Company's income or the value of its financial instruments.

(a) Interest rate risk – The Company has cash balances subject to interest rate risk. The Company's current policy is to invest excess cash in either interest bearing deposit accounts or Guaranteed Income Certificates ("GICs") issued by its financial institutions. As of September 30, 2019, the Company held deposits in short-term savings accounts at a variable interest rate. A 0.5% change in interest rates would change the Company's net loss by approximately \$18,214. Management believes it has minimal exposure to interest rate risk.

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars - unaudited)

5. FINANCIAL INSTRUMENTS (Continued)

The Company's short-term investments are comprised of GICs held with Canadian financial institutions which accrue interest at an average rate of 1.53%. As at September 30, 2019, the Company holds three GICs with a combined principal of \$3,600,000 (December 31, 2018 – six GICs with a combined principal of \$7,500,000). As at September 30, 2019, the carrying value of the Company's short-term investments includes \$42,75 of accrued interest (December 31, 2018 – \$125,533).

(b) Foreign exchange risk - The Company transacts certain business in Euro, Swedish Kroner, U.S. Dollars and Mexican Pesos, and therefore is subject to foreign exchange risk on certain receivables, trade payables and cash balances. The Company attempts to mitigate these risks by managing its foreign exchange inflows and outflows. No hedging instruments have been used by the Company, however, depending upon the nature and level of future foreign exchange transactions, consideration may be given to the use of hedging instruments. The Company believes that it adequately manages its foreign exchange risk, and the risk is minimal.

The following table shows the net exposures in US dollars, Swedish Kroner and Euro at September 30, 2019.

	US\$	Euro	SEK
Cash	74,672	1,280,958	3,276,977
Receivables	-	30,906	-
Trade payables	(13,322)	(407,847)	(10,625)
Net currency exposure	61,350	904,017	3,266,352

Based on the above currency exposures, a 10% change in the value of each currency to the value of the Canadian dollar would impact the Company's net loss by:

	US\$	Euro	SEK
	6,135	90,402	326,635

(c) Equity risk – The Company is exposed to market risk because of the fluctuating values of its publicly traded marketable securities. The Company has no control over these fluctuations and does not hedge its investments. Based on the September 30, 2019 value of the marketable securities every 10% increase or decrease in the share prices of these companies would have impacted the loss for the period, up or down, by approximately \$371,500 (2018 - \$35,300).

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars - unaudited)

6. MARKETABLE SECURITIES

Marketable securities consist of common shares listed on an active market that have been received pursuant to mineral property option agreements (Note 8). Changes in marketable securities outstanding are as follows:

	Total
	\$
<hr/>	
<u>Cost</u>	
December 31, 2018	999,000
Additions	2,714,000
Disposals	-
September 30, 2019	3,713,000
<hr/>	
<u>Fair Value</u>	
December 31, 2018	1,197,000
Additions	2,714,000
Disposals	-
Realized gain	-
Unrealized loss	(196,000)
September 30, 2019	3,715,000
<hr/>	
<u>Cost</u>	
December 31, 2017	373,920
Additions	642,000
Disposals	(16,920)
September 30, 2018	999,000
<hr/>	
<u>Fair Value</u>	
December 31, 2017	481,150
Additions	642,000
Disposals	(214,813)
Realized gain	121,663
Unrealized gain	(148,000)
September 30, 2018	882,000
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The valuation of these shares has been determined in whole by reference to the bid price of the shares on the Exchange or the Canadian Securities Exchange ("CSE") at each reporting period.

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars - unaudited)

7. EXPLORATION AND EVALUATION ASSETS

As at September 30, 2019

Geographical Area	Balance, Beginning of	Additions	Receipts	Properties Written Down	Property Income	Balance, End of
	Year		From Partners			End of Period
	\$	\$	\$	\$	\$	\$
Finland	13,608,827	8,524,010	(3,907,795)	(12,379)	2,433,137	20,645,800
Sweden	337,099	108,447	-	-	-	445,546
United States	601,018	24,151	-	(605,694)	-	19,475
Mexico	-	6,570	-	(6,570)	-	-
	14,546,944	8,663,178	(3,907,795)	(624,643)	2,433,137	21,110,821

As at December 31, 2018

Geographical Area	Balance, Beginning of	Additions	Receipts	Properties Written Down	Balance, End of
	Year		From Partners		Year
	\$	\$	\$	\$	\$
Finland	5,774,951	8,545,596	(642,000)	(69,720)	13,608,827
Sweden	234,850	102,249	-	-	337,099
United States	494,114	106,904	-	-	601,018
Mexico	-	6,530	-	(6,530)	-
	6,503,915	8,761,279	(642,000)	(76,250)	14,546,944

- (a) On August 13, 2015, the Company signed a binding Letter Agreement with B2Gold Corp. (“B2Gold”), granting B2Gold the right to earn up to an undivided 75% interest of an approximately 25,000 ha project area that includes the Kutuvuoma and Ahvenjarvi projects in Finland. On January 18, 2016, the Company formalized a definitive Option Agreement with B2Gold consistent with the terms of the binding Letter agreement signed on August 12, 2015.

Under the terms of the Option Agreement, B2Gold must complete \$5,000,000 in exploration expenditures, pay the Company \$50,000 cash and issue 550,000 B2Gold shares over 4 years to earn an initial 51% interest. B2Gold can earn an additional 19% interest by spending a further \$10,000,000 over 2 years. B2Gold can earn an additional 5% interest (for a total of 75%) by completing a bankable feasibility study. The first-year commitment of \$750,000 in exploration expenditures, including 2,000 meters of drilling and payment of \$50,000 cash and 50,000 B2Gold shares, is guaranteed. The Company received a total of \$50,000 in cash and 550,000 B2Gold shares to September 30, 2019 (Note 6).

AURION RESOURCES LTD.

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2019 and 2018

(Expressed in Canadian Dollars - unaudited)

7. EXPLORATION AND EVALUATION ASSETS (Continued)

On August 1, 2019, the Company received 200,000 B2Gold common shares at a value of \$884,000 (Note 6). The carrying value of the properties under the Option Agreement was reduced to Nil and the remaining amount of \$459,442 was recorded as a gain on property transactions in income.

On August 13, 2019, the Company received a Notice of Exercise of Option from B2Gold confirming that B2Gold has fulfilled its obligations under the Option Agreement dated January 18, 2016, and that as of August 14, 2019, the Option is deemed to be exercised.

- (b) On January 6, 2011, the Company signed an Option Agreement with Genesis Gold Corp (“Genesis”), whereby it has an option to purchase a 100% interest in the Bull Property in east-central Nevada, subject to a 2% NSR, by making annual cash payments starting at US\$10,000 (paid) increasing to a maximum US\$125,000 beginning in 2016. The option to purchase can be executed at any time by making a one-time cash payment of US\$3,000,000 less any payments already made.

On December 17, 2015, the Company signed a Letter Agreement to amend the terms of the Bull Option Agreement. Under the terms of the amendment, the lease payment for 2016 was reduced to US\$10,000 and the lease payments for the years 2017 through 2027 were to remain at US\$125,000 per year.

On November 5, 2016, the Company signed a Letter Agreement to amend the terms of the Bull Property Option Agreement with Genesis for the second time. Under the terms of the amendment, the lease payment for 2017 will be waived and the lease payments for the years 2018 through 2027 will remain at US\$125,000 per year.

On December 1, 2017, the Company entered into a Restated Mineral Lease and Option to Purchase Agreement to replace the original agreement entered into with Genesis on January 6, 2011 for the Bull Property. Under the terms of the restated agreement, the annual lease payments will resume on December 1, 2018 at US\$10,000 and increase annually to US\$95,000 by 2028. Lease payments for the years 2029 through 2031 will be at US\$100,000 per year.

On September 30, 2019, the Company determined that the Bull project no longer holds merit for future development. The agreement with Genesis was terminated and all related costs were written down.

- (c) On January 31, 2018, the Company signed a non-binding Letter of Intent (“LOI”) with Kinross Gold Corporation (“Kinross”), granting Kinross the right to earn up to an undivided 70% interest in the Outa project, an area covering approximately 15,000 ha in Northern Finland. Under the terms of the LOI, Kinross must spend US\$5,000,000 over 5 years to earn a 70% interest in the project and Kinross has agreed to expend a firm US\$1,000,000 on exploration of the project within the first 2 years.

On August 17, 2018, the Company entered into an Option Agreement with Kinross pursuant to the terms of the LOI signed on January 31, 2018.

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7. EXPLORATION AND EVALUATION ASSETS (Continued)

(d) On April 24, 2019, the Company entered into an option agreement with Strategic Resources Inc. (“Strategic”) granting Strategic the option to earn a 100% interest in the Company’s wholly owned Silasselka Vanadium Project in northern Finland. Under the terms of the option agreement, Strategic may acquire up to 100% interest in the project by paying \$500,000 cash, issuing 8,000,000 Strategic shares and incurring \$3,000,000 in exploration expenditures, through a two stage earn-in over a period of three years. At September 30, 2019 the Company had received \$500,000 cash and 3,000,000 Strategic shares at a fair value of \$1,830,000 (Note 6). The carrying value of the Silasselka Property was reduced to Nil and the remaining amount of \$1,973,695 was recorded as a gain on property transactions in income.

8. PROPERTY AND EQUIPMENT

	Leasehold Improvements	Right of use asset	Computers	Furniture Equipment	Total
	\$	\$	\$	\$	\$
Cost:					
At December 31, 2018	28,700	-	169,256	186,501	384,457
Recognition of right of use asset upon initial adoption of accounting policy (Note 2)	-	160,500	-	-	160,500
Additions	-	-	90,508	61,994	152,502
Disposals	-	-	(30,772)	(11,422)	(42,194)
At September 30, 2019	28,700	160,500	228,992	237,073	655,265
Depreciation:					
At December 31, 2018	16,400	-	115,347	42,279	174,026
Additions	12,300	29,025	56,225	29,760	127,310
Disposals	-	-	(30,772)	(8,895)	(39,667)
At September 30, 2019	28,700	29,025	140,800	63,144	261,669
Carrying value:					
At December 31, 2018	12,300	-	53,909	144,222	210,431
At September 30, 2019	-	131,475	88,192	173,929	393,596

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8. PROPERTY AND EQUIPMENT (Continued)

	Leasehold Improvements	Computers	Furniture and Equipment	Total
	\$	\$	\$	\$
Cost:				
At December 31, 2017	-	109,489	64,545	174,034
Additions	28,700	28,994	102,184	159,878
Disposals	-	-	-	-
At September 30, 2018	28,700	138,483	166,729	333,912
Depreciation:				
At December 31, 2017	-	29,804	936	30,740
Additions	12,300	39,466	19,067	70,833
Disposals	-	-	-	-
At September 30, 2018	12,300	69,270	20,003	101,573
Carrying value:				
At December 31, 2017	-	79,685	63,609	143,294
At September 30, 2018	16,400	69,213	146,726	232,339

9. SHAREHOLDERS' EQUITY

Share Capital

Authorized

An unlimited number of common shares with no par value

An unlimited number of preferred shares issuable in series

On March 1, 2019, the Company issued 15,000 common shares pursuant to the exercise of stock options for gross proceeds of \$3,900 (\$0.26 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of \$3,895 in connection with the exercise.

On April 10, 2019, the Company announced the completion of a brokered and a non-brokered private placement for an aggregate of 6,166,300 common shares issued at a price of \$1.05 for gross proceeds of \$6,474,615.

Under the brokered financing, a total of 5,476,300 common shares were issued at a price of \$1.05 for gross proceeds of \$5,750,115. The brokered financing was led by Haywood Securities Inc. on behalf of a group of underwriters (the "underwriters") which included Canaccord Genuity Corp., Medalist Capital Ltd., Spratt Capital Partners LP and PI Financial Corp. In consideration for their services, the underwriters received a cash commission of \$345,007, equal to 6.0% of the gross proceeds of the brokered private placement and 328,578 broker warrants, equal to 6.0% of the common shares issued under the

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9. SHAREHOLDERS' EQUITY (Continued)

brokered private placement. The broker warrants can be exercised to purchase common shares at \$1.05 for a period of two years. The fair value of the broker warrants granted was estimated at \$161,853 (\$0.49 per warrant) based on the Black-Scholes pricing model, with the following assumptions: risk-free interest rate of 1.46%, volatility of 87%, dividend yield of 0%, forfeiture rate of 0% and an expected life of 2 years. The Company incurred other costs of \$215,808 for total share issuance costs in connection with the brokered and non-brokered private placement of \$722,688.

Under the non-brokered financing, a total of 690,000 common shares were issued for gross proceeds of \$724,500. The non-brokered financing was fully subscribed by Kinross who exercised their pro rata right granted pursuant to a prior financing to maintain a 9.98% interest in the issued and outstanding shares of the Company.

On July 31, 2019, the Company announced the completion of a brokered and a non-brokered private placement for an aggregate of 7,403,666 common shares issued at a price of \$1.50 for gross proceeds of \$11,105,499.

Under the brokered private placement, a total of 6,666,666 common shares were issued at a price of \$1.50 for gross proceeds of \$9,999,999. The brokered private placement was led by Cormark Securities Inc. on behalf of a group of underwriters (the "underwriters") which included Canaccord Genuity Corp., Medalist Capital Ltd., Sprott Capital Partners LP and PI Financial Corp. In consideration for their services, the underwriters received a cash commission of \$600,000, equal to 6.0% of the gross proceeds of the brokered financing and 400,000 broker warrants, equal to 6.0% of the common shares issued under the brokered financing. The broker warrants can be exercised to purchase common shares at \$1.50 for a period of two years.

The fair value of the broker warrants granted was estimated at \$276,690 (\$0.69 per warrant) based on the Black-Scholes pricing model, with the following assumptions: risk-free interest rate of 1.55%, volatility of 85%, dividend yield of 0%, forfeiture rate of 0% and an expected life of 2 years. The Company incurred other costs of \$179,566 for total share issuance costs in connection with the brokered and non-brokered private placement of \$1,056,256.

Under the non-brokered financing, a total of 737,000 common shares were issued for gross proceeds of \$1,105,500. The non-brokered financing was fully subscribed by Kinross who exercised their pro rata right granted pursuant to a prior financing to maintain a 9.98% interest in the issued and outstanding shares of the Company.

On August 7, 2019, the Company issued 200,000 common shares pursuant to the exercise of stock options for gross proceeds of \$20,000 (\$0.10 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of \$19,000 in connection with the exercise.

On August 14, 2019, the Company issued 2,530 common shares pursuant to the exercise of warrants for gross proceeds of \$2,656 (\$1.05 per warrant). The Company also recorded a fair value transfer between warrants reserve and share capital of \$1,246 in connection with the exercise.

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9. SHAREHOLDERS' EQUITY (Continued)

On September 12, 2019, the Company issued 50,000 common shares pursuant to the exercise of stock options for gross proceeds of \$55,000 (\$1.10 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of \$37,761 in connection with the exercise.

On September 23, 2019, the Company issued 50,000 common shares pursuant to the exercise of stock options for gross proceeds of \$55,000 (\$1.10 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of \$37,761 in connection with the exercise.

Issued during the year ended December 31, 2018:

On January 22, 2018, the Company issued 250,000 common shares pursuant to the exercise of stock options for gross proceeds of \$62,500 (\$0.25 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of \$27,910 in connection with the exercise.

On March 1, 2018, the Company issued 35,000 common shares pursuant to the exercise of stock options for gross proceeds of \$9,100 (\$0.26 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of \$9,088 in connection with the exercise.

On August 27, 2018, the Company issued 175,000 common shares pursuant to the exercise of stock options for gross proceeds of \$37,500 (125,000 options at \$0.26 per share and 50,000 options at \$0.10 per share). The Company also recorded a fair value transfer between share-based payment reserve and share capital of \$35,157 in connection with the exercise.

Preferred shares

The preferred shares which have been authorized may be issued in one or more series and the directors are authorized to fix the number of shares in each series and to determine the designation, rights, privileges, restrictions and conditions attached to the shares of each series. No preferred shares have been issued from incorporation to September 30, 2019.

Deferred Share Units

The Company has a Deferred Share Unit Plan ("DSU Plan") under which Deferred Share Units may be granted to directors, officers and employees of the Company. The purpose of the Company's DSU Plan is to advance the interests of the Company by: (i) aligning the interests of directors, officers and employees with the interests of the shareholders; (ii) encouraging directors, officers and employees to remain associated with the Company; and (iii) furnishing directors, officers and employees with an additional incentive in their efforts on behalf of the Company. DSUs are redeemable upon departure from the Company, at the holder's option, and will be settled in cash from the general assets of the Company. The fair value of DSUs granted will be recorded as a bookkeeping entry on the books of the Company, the value of which on any particular date being equal to the market value of the Company shares.

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9. SHAREHOLDERS' EQUITY (Continued)

Changes in DSU's outstanding are as follows:

	September 30, 2019	
	Granted	Vested
Balance, December 31, 2018	234,101	-
Granted	320,961	-
Vested	-	30,964
Balance, September 30, 2019	555,062	30,964

	December 31, 2018	
	Granted	Vested
Balance, December 31, 2017	-	-
Granted	234,101	-
Vested	-	-
Balance, December 31, 2018	234,101	-

During the nine months ended September 30, 2019 the Company recognized \$250,835 in share-based payment expense relating to DSUs outstanding with the offset recorded as a deferred share unit liability.

The following is a summary of DSUs granted to officers, directors and employees for the nine months ending September 30, 2019:

Grant date	# DSUs granted	Market value*	Vesting details
26-Apr-19	75,000	\$ 1.00	1/3 on each of first, second and third anniversaries of grant
14-May-19	41,237	\$ 0.97	1/3 on each of first, second and third anniversaries of grant
30-Jun-19	55,147	\$ 1.36	1/3 on each of first, second and third anniversaries of grant
5-Sep-19	104,396	\$ 1.82	1/3 on each of first, second and third anniversaries of grant
30-Sep-19	45,181	\$ 1.66	1/3 on each of first, second and third anniversaries of grant
	320,961		

* Volume weighted average trading price for 5 days prior to grant date

During the year ended December 31, 2018 the Company recognized \$22,477 in share-based payment expense relating to DSUs outstanding with the offset recorded as a deferred share unit liability.

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9. SHAREHOLDERS' EQUITY (Continued)

The following is a summary of DSUs granted to officers, directors and employees for the year ended December 31, 2018:

Grant date	# DSUs granted	Market value*	Vesting details
31-Jul-18	92,592	\$ 0.81	1/3 on each of first, second and third anniversaries of grant
18-Dec-18	141,509	\$ 1.06	1/3 on each of first, second and third anniversaries of grant
	234,101		

* Volume weighted average trading price for 5 days prior to grant date

Stock options

The Company has a Stock Option Plan under which options to purchase common shares in the Company may be granted to directors, officers, key employees and consultants of the Company. The maximum number of options which may be granted to directors, officers, key employees and consultants of the Company, under the stock option plan is equivalent to 10% of the issued and outstanding common shares of the Company. The exercise price for the options is set by the Company at an amount equal to the Exchange trading price on the day preceding the date the options are granted, less any applicable discount as permitted by the Exchange policies as decided by the Company. The exercise period for the options is determined by the Company at the time the options are granted and shall not exceed ten years. Vesting terms for the options are also determined by the Company at the time of grant.

Changes in stock options outstanding are as follows:

	September 30, 2019	
	Number	Weighted-Average Exercise Price (\$)
Balance, December 31, 2018	6,250,000	0.95
Granted	1,510,000	1.78
Exercised	(315,000)	(0.43)
Expired	-	-
Balance, September 30, 2019	7,445,000	1.14

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9. SHAREHOLDERS' EQUITY (Continued)

	December 31, 2018	
	Number	Weighted-Average Exercise Price (\$)
Balance, December 31, 2017	4,825,000	0.86
Granted	2,335,000	1.07
Exercised	(460,000)	0.24
Expired	(450,000)	1.33
Balance, December 31, 2018	6,250,000	0.95

The following table summarizes information about stock options outstanding and exercisable:

Exercise Price (\$)	Number of Outstanding Options	Remaining Contractual Life	Weighted-Average Exercise Price (\$)	Number of Exercisable Options	Remaining Contractual Life	Weighted-Average Exercise Price (\$)
0.10	1,800,000	1.31	0.10	1,800,000	1.31	0.10
0.26	175,000	1.75	0.26	175,000	1.75	0.26
1.00	400,000	3.32	1.00	400,000	3.32	1.00
1.05	275,000	4.22	1.05	137,500	4.22	1.05
1.10	1,310,000	3.44	1.10	1,310,000	3.44	1.10
1.75	1,975,000	2.53	1.75	1,975,000	2.53	1.75
1.78	1,510,000	4.94	1.78	-	0.00	1.75
	7,445,000	2.97	1.14	5,797,500	2.43	0.92

Share-based payment reserve

The stock option reserve records items recognized as share-based compensation expense until such time that the stock options are exercised, at which time the corresponding amount will be transferred to share capital.

During the nine months ended September 30, 2019, the Company recorded share-based payment expense of \$512,463 which represents the fair value of stock options vested, granted and accrued with offsetting amount credited to reserves.

On September 5, 2019, the Company granted 1,510,000 stock options to directors, officers, employees and consultants, exercisable at a price of \$1.78 per share until September 5, 2024. The fair value of the stock options granted was estimated at \$2,125,773 (\$1.41 per option) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 1.49%, volatility of 124.67%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years. The stock options will vest in two tranches, 50% on March 5, 2020 and 50% on September 5, 2020. During the nine months ended

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9. SHAREHOLDERS' EQUITY (Continued)

September 30, 2019, the Company recognized \$218,401 in share-based payment expense relating to these stock options.

During the year ended December 31, 2018, the Company recorded share-based payment expense of \$1,304,993, which represents the fair value of stock options vested, granted and accrued with offsetting amount credited to reserves.

On January 23, 2018, the Company granted 650,000 stock options to directors, officers, employees and consultants, exercisable at a price of \$1.00 per share until January 23, 2023. The fair value of the stock options granted was estimated at \$547,103 (\$0.84 per option) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 1.77%, volatility of 144.6%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years. The stock options will vest in two tranches, 50% on July 23, 2018 and 50% on January 23, 2019. During the year ended December 31, 2018, the Company recognized \$9,916 in share-based payment expense relating to these stock options.

On March 7, 2018, the Company granted 1,410,000 stock options to directors, officers, employees and consultants, exercisable at a price of \$1.10 per share until March 7, 2023. The fair value of the stock options granted was estimated at \$1,065,037 (\$0.76 per option) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 1.94%, volatility of 141.7%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years. The stock options will vest in two tranches, 50% on September 7, 2018 and 50% on March 7, 2019. During the year ended December 31, 2018, the Company recognized \$98,463 in share-based payment expense relating to these stock options.

On December 18, 2018, the Company granted 275,000 stock options to directors, officers, employees and consultants, exercisable at a price of \$1.05 per share until December 18, 2023. The fair value of the stock options granted was estimated at \$221,302 (\$0.81 per option) based on the Black-Scholes option pricing model, with the following assumptions: risk-free interest rate of 2.26%, volatility of 134.0%, dividend yield of 0%, forfeiture rate of 0%, and an expected life of 5 years. The stock options will vest in two tranches, 50% on June 18, 2019 and 50% on December 18, 2019. During the year ended December 31, 2018, the Company recognized \$81,853 in share-based payment expense relating to these stock options.

Expired stock options and warrants reserve

The expired stock options and warrants reserve records the value of any stock options or warrants that have expired unexercised.

Warrants

Changes in warrants outstanding are as follows:

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9. SHAREHOLDERS' EQUITY (Continued)

	Number	Average Exercise Price (\$)
Balance, December 31, 2018	321,291	1.32
Issued	728,578	1.30
Exercised	(2,530)	1.05
Expired	(321,291)	(1.32)
Balance, September 30, 2019	726,048	1.30

10. SUPPLEMENTAL CASH FLOW INFORMATION

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
	\$	\$
<i>Non-cash investing and financing activities</i>		
Exploration and evaluation costs remaining in trade payables and accrued liabilities	1,013,026	751,271
Exploration and evaluation costs remaining in receivables	45,115	49,178

	Nine months ended September 30, 2019	Nine months ended September 30, 2018
	\$	\$
<i>Changes in non-cash operating working capital</i>		
Change in receivables	101,409	(139,503)
Change in prepaid expenses	(435,647)	(32,655)
Change in trade payables and accrued liabilities	(445,606)	645,086
	(779,844)	472,928

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11. RELATED PARTY TRANSACTIONS

The following represents a summary of transactions with key management of the Company:

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2019	2018	2019	2018
	\$	\$	\$	\$
Michael Basha, CEO	118,068	64,277	313,376	238,533
Mark Serdan, CFO	78,043	69,324	209,118	325,753
Mark Santarossa, VP Corporate Development	78,321	-	78,321	-
Other Directors	83,312	19,036	97,280	118,044
	357,744	152,637	698,095	682,330
Amounts expensed as:				
Salary and other short-term benefits for the CEO	50,000	50,000	150,000	150,000
Salary and other short-term benefits for the CFO	37,500	37,500	112,500	112,500
Salary and other short-term benefits, VP Corp Dev	31,250	-	31,250	-
Directors' Fees	80,000	-	80,000	-
Share-based compensation	158,994	65,137	324,345	419,830
	357,744	152,637	698,095	682,330

12. SUBSEQUENT EVENTS

On October 8, 2019, the Company issued 60,000 common shares pursuant to the exercise of stock options for gross proceeds of \$66,000 (\$1.10 per share).

On October 8, 2019, the Company issued 25,000 common shares pursuant to the exercise of stock options for gross proceeds of \$27,500 (\$1.10 per share).

On October 17, 2019, the Company issued 1,650 common shares pursuant to the exercise of warrants for gross proceeds of \$1,732 (\$1.05 per warrant).

On November 20, 2019, the Company issued 75,000 common shares pursuant to the exercise of stock options for gross proceeds of \$82,500 (\$1.10 per share).

On November 21, 2019, the Company granted 300,000 stock options to a consultant exercisable at a price of \$1.67 per share until November 21, 2024.